

Silver Chef Limited
ABN 28 011 045 828

Appendix 4D
Half Year Announcement
31 December 2014

Lodged with the ASX under Listing Rule 4.2A

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

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Appendix 4D
ASX Preliminary Half Year Announcement
31 December 2014

Results for Announcement to the Market

| Results for announcement to the market | six months ended 31-Dec-2014 \$000's | six months ended 31-Dec-2013 \$000's | Movement \$000's | Movement % |
|--|--|--|---------------------|---------------|
| 2.1 Revenue from ordinary activities | 82,952 | 67,426 | 15,526 | 23.0% |
| 2.2/2.3 Net profit after income tax | 7,095 | 6,479 | 616 | 9.5% |

2.4 Dividends

Final dividend

The Directors declared a fully franked final dividend of 16.0 cents per share for the year ended 30 June 2014 which was paid on 26 September 2014.

Interim dividend

The Directors have declared a fully franked interim dividend of 16.0 cents per share (2014: 14.0 cents) payable on 24 March 2015.

2.5 Record date for payment of dividend

The record date for the payment of the dividend will be to shareholders registered as at 5.00pm 10 March 2015.

2.6 Commentary on Results for the Half-year

Please refer to the accompanying interim financial statements.

| | 31-Dec-2014 | 31-Dec-2013 |
|-----------------------------------|-------------|-------------|
| 3.0 Net tangible assets per share | 236.4 cents | 217.9 cents |

4. Details of entities over which control has been gained or lost during the period – Not applicable.

5. The 2014 final dividend of \$4.716 million was paid on 26 September 2014.

6. Details of any dividend reinvestment plans in operation – The dividend reinvestment plan remains in place for the interim dividend.

7. Details of Associates – Not applicable.

8. Foreign entities – accounting standards

IFRS have been used in the preparation of the interim financial statements of all entities.

9. Review Status

The independent review opinion is attached at page 17

By order of the Board

Don Mackenzie
Company Secretary

20 February 2015

**SILVER CHEF LIMITED AND
CONTROLLED ENTITIES**

ABN 28 011 045 828



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED

31 December 2014

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Silver Chef Limited and its controlled entities Directors' Report

The Directors present their report together with the condensed consolidated half-year financial statements of Silver Chef Limited (the Company) and its controlled entities for the half-year ended 31 December 2014 and the independent auditor's review report thereon. All amounts in this Directors' report are rounded to millions unless otherwise noted.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

| Name | Position |
|-----------------|---------------------------------|
| Allan English | Executive Chairman ¹ |
| Andrew Kemp | Non-Executive Director |
| Bede King | Non-Executive Director |
| Sophie Mitchell | Non-Executive Director |
| Karen Penrose | Non-Executive Director |

1. Mr English is the founder of the Company and was appointed as a Director in 1986

Results and Review of Operations

The consolidated profit for the half-year after providing for income tax was \$7.1 million (2013: \$6.5 million). The Directors have declared an interim dividend of 16 cents per share in respect of the half-year. The 2014 final dividend of \$4.7 million was paid on 26 September 2014.

The Company's pre-tax profit from operations for the six months to 31 December 2014 was \$10.1 million. This compared to the result for the previous six month period of \$9.2 million. Revenue grew to \$83.0m (6 months to 31 December 2013: \$67.4 million). The improved financial results in the six months to 31 December 2014 were predominantly driven by a substantial increase in the GoGetta rental asset base and steady growth in Hospitality.

Operating profit for the period has been determined after taking into account increases to the Company's cost base resulting from establishment of offices in Vancouver and Auckland, and further investment in the Melbourne operation, which accounted for the increase in employee and other operating costs. Total asset impairment expense of \$4.1 million was booked for the six month period, reflecting more conservative provisioning against rental assets associated with the arrears position at 31 December 2014.

Hospitality

The Hospitality division performed in line with expectations during the first half with acquisitions of \$50.0 million. The hospitality rental asset base including lease receivables is now \$221.1 million at cost, up 9.0% from 30 June 2014. As the hospitality rental asset base continues to grow, it becomes more challenging to deliver the annual acquisition volumes necessary to drive compound net growth in line with historical levels. Demand for Silver Chef's Rent.Try.Buy rental product remains resilient, and the Company is continuing to innovate in response to customer and market dynamics. The Company will continue to focus on initiatives to extend the average life of its contracts, which will enhance the annuity stream income inherent in the Company's rental asset base.

The Canadian business continued to perform well during the period, reporting a cash profit breakeven for the six month period and an accounting loss of \$0.4 million. The business continues to grow in line with expectations and is expected to be accounting profit breakeven early in calendar year 2016. The business is now well established with a core management team in place that is focused on building effective, long term relationships with both the equipment dealer network and the franchise market.

New Zealand also performed in line with expectations for the period, with the opening of an office in Auckland which complements our presence in the South Island. The new office provides enhanced brand visibility and an improved local platform for managing the Company's relationships with its customers and dealers.

GoGetta

Strong growth in GoGetta's asset acquisition rates were observed during the six months, being 72% up on the previous corresponding period and 51% on the second half of FY14. Record GoGetta acquisitions of \$40.5 million in the first half saw the rental asset base and lease receivables increase to \$113.9 million, up 18.4% from 30 June 2014. GoGetta has focused on the light commercial vehicle and construction sectors, delivering strong growth during the first half. This focus has also resulted in more effective management of residual asset risk.

Financial Position

The Company ends the six months to 31 December 2014, with \$250.3 million of gross assets and net assets of \$71.3 million. Silver Chef has maintained strong support from its financiers and increased its borrowing capacity by a further \$20 million subsequent to 31 December 2014. With the new appointment of senior financial management in the six months to December 2014, Silver Chef initiated a series of process improvement projects with a significant focus on the business' debt collection process. This work identified a number of areas where processes can be improved using both internal and external collection resources to reduce outstanding arrears and protect the Company's rental asset base. This has led to the decision to increase impairment expense to \$4.1 million in the current period.

With effect from 1 July 2014, Silver Chef has revised the useful life assessment applicable to rental assets, so that all long life rental assets are depreciated over a three year period with a 35% residual value. This allows, to the largest extent possible, the economic cost of the Group's asset base to be matched against the revenues it derives over the life of its rental contracts. The establishment of a residual value at the end of the initial three year depreciation period is also more reflective of the value implicit in the Group's idle asset base pending deployment under a secondary rental contract. This has been reflected as a change in accounting estimate in the half-year accounts.

Silver Chef remains committed to improving efficiency and creating enhanced leverage from its overhead cost base. In this regard, the Company is making good progress in delivering a digitally enhanced, integrated contract management and billing platform.

Subsequent events

Amendment to the Group's borrowing arrangements

On 10 February 2015, the Company negotiated with its senior debt financier an extension to the Group's available borrowing capacity of \$20.0 million, taking the total senior secured facility limits to \$140.0 million. The maturity date of this facility was also extended to 31 December 2016.

Dividend

An interim dividend of 16.0 cents per share, 100% fully franked has been declared by the Directors. The dividend has not been provided for in the 31 December 2014 financial report.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the Directors



Allan English
Chairman
20 February 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Silver Chef Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Simon Crane
Partner

Brisbane
20 February 2015

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Silver Chef Limited
 Consolidated statement of profit or loss and other comprehensive income
 For the six months ended 31 December 2014

| | Note | 31-Dec-14 \$000's | 31-Dec-13 \$000's |
|--|------|----------------------|----------------------|
| Revenue | 8 | 82,952 | 67,426 |
| Depreciation and amortisation expense | | (34,673) | (29,432) |
| Loss on sale of plant and equipment | | (2,942) | (2,804) |
| Impairment of rental assets | | (4,099) | (2,100) |
| Bad debts expense | | (2,157) | (534) |
| Employee expenses | | (12,127) | (8,958) |
| Expenses from ordinary activities | | (12,996) | (10,963) |
| Finance costs | | (3,821) | (3,375) |
| Change in fair value of properties | | - | (16) |
| Profit before income tax | | 10,137 | 9,244 |
| Income tax expense | | (3,042) | (2,765) |
| Profit attributable to members of the Company | | 7,095 | 6,479 |
| Other comprehensive income | | | |
| Items that may subsequently be reclassified to profit or loss | | | |
| Foreign currency translation differences – foreign operations | | 301 | 234 |
| Total comprehensive income attributable to members of the Company | | 7,396 | 6,713 |
| Earnings per share | | | |
| Basic earnings per share (cents) | 12 | 24.00 | 22.36 |
| Diluted earnings per share (cents) | 12 | 24.00 | 22.36 |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Silver Chef Limited
Consolidated statement of changes in equity
For the six months ended 31 December 2014

| | Number of shares on issue 000's | Share capital \$000's | Retained earnings \$000's | Transla- tion reserve \$000's | Total equity \$000's |
|---|--|-----------------------------|---------------------------------|--|----------------------------|
| Balance at 1 July 2013 | 28,763 | 40,167 | 17,882 | 122 | 58,171 |
| Total comprehensive income for the half-year | | | | | |
| Profit for the period | - | - | 6,479 | - | 6,479 |
| Foreign currency translation differences | - | - | - | 234 | 234 |
| Total comprehensive income for the period | - | - | 6,479 | 234 | 6,713 |
| Transactions with owners of the Company | | | | | |
| Dividends recognised and paid during the period | - | - | (4,179) | - | (4,179) |
| Share issue costs | - | (210) | - | - | (210) |
| Shares issued under dividend reinvestment plan | 514 | 4,205 | - | - | 4,205 |
| Shares issued under share placement and SPP | 7 | 56 | - | - | 56 |
| Shares issued on exercise of options | 50 | 95 | - | - | 95 |
| Total contributions by and distributions to owners of the Company | 571 | 4,146 | (4,179) | - | (33) |
| Balance at 31 December 2013 | 29,334 | 44,313 | 20,182 | 356 | 64,851 |
| Balance at 1 July 2014 | 29,470 | 45,081 | 22,297 | 300 | 67,678 |
| Total comprehensive income for the half-year | | | | | |
| Profit for the period | - | - | 7,095 | - | 7,095 |
| Foreign currency translation differences | - | - | - | 301 | 301 |
| Total comprehensive income for the period | - | - | 7,095 | 301 | 7,396 |
| Transactions with owners of the Company | | | | | |
| Dividends recognised and paid during the period | - | - | (4,716) | - | (4,716) |
| Share issue costs | - | - | - | - | - |
| Shares issued under dividend reinvestment plan | 166 | 955 | - | - | 955 |
| Shares issued under share placement and SPP | 5 | 31 | - | - | 31 |
| Total contributions by and distributions to owners of the Company | 171 | 986 | (4,716) | - | (3,730) |
| Balance at 31 December 2014 | 29,641 | 46,067 | 24,676 | 601 | 71,344 |

The consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Silver Chef Limited
Consolidated statement of financial position
As at 31 December 2014

| | Note | 31-Dec-14 \$000's | 30-Jun-14 \$000's |
|--------------------------------------|------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 3,137 | 1,461 |
| Trade and other receivables | 10 | 11,893 | 8,842 |
| Other assets | | 797 | 623 |
| Total current assets | | 15,827 | 10,926 |
| Non-current assets | | | |
| Trade and other receivables | 10 | 13,286 | 8,291 |
| Property, plant and equipment | 9 | 213,112 | 191,599 |
| Intangibles | | 1,271 | 857 |
| Deferred tax assets | | 6,778 | 6,772 |
| Total non-current assets | | 234,447 | 207,519 |
| Total assets | | 250,274 | 218,445 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 7,674 | 7,719 |
| Customer security bonds payable | | 30,741 | 29,306 |
| Loans and borrowings | 11 | 457 | 440 |
| Current tax payable | | 310 | 838 |
| Employee benefits | | 1,191 | 1,027 |
| Total current liabilities | | 40,373 | 39,330 |
| Non-current liabilities | | | |
| Customer security bonds payable | | 2,988 | 1,830 |
| Loans and borrowings | 11 | 134,947 | 109,083 |
| Employee benefits | | 298 | 292 |
| Other liabilities | | 324 | 232 |
| Total non-current liabilities | | 138,557 | 111,437 |
| Total liabilities | | 178,930 | 150,767 |
| Net assets | | 71,344 | 67,678 |
| EQUITY | | | |
| Share capital | 13 | 46,067 | 45,081 |
| Retained earnings | | 24,676 | 22,297 |
| Foreign currency translation reserve | | 601 | 300 |
| Total equity | | 71,344 | 67,678 |

The consolidated statement of financial position is to be read in conjunction with the attached notes.

Silver Chef Limited
Consolidated statement of cash flows
For the six months ended 31 December 2014

| | 31-Dec-14 \$000's | 31-Dec-13 \$000's |
|--|----------------------|----------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 95,232 | 77,402 |
| Payments to suppliers and employees | (36,331) | (28,839) |
| Finance costs paid | (3,711) | (3,229) |
| Interest received | 15 | 26 |
| GST (paid)/recovered | 8 | (298) |
| Income taxes paid | (4,867) | (4,364) |
| Net cash flows from operating activities | 50,346 | 40,698 |
| Cash flows from investing activities | | |
| Payments for plant and equipment | (94,029) | (70,547) |
| Payments for intangible assets | (630) | (134) |
| Proceeds from sale of plant and equipment | 23,978 | 18,053 |
| Net cash flows used in investing activities | (70,681) | (52,628) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 28,000 | 14,457 |
| Repayment of borrowings | (2,000) | - |
| Proceeds from issue of ordinary shares | - | 3,636 |
| Transaction costs paid in relation to issue of shares | - | (210) |
| Transaction costs paid in relation to loans and borrowings | (12) | (63) |
| Repayment of finance leases | (216) | (58) |
| Dividends paid | (3,761) | (3,515) |
| Net cash flows from financing activities | 22,011 | 14,247 |
| Net increase in cash held | 1,676 | 2,317 |
| Cash and cash equivalents at 1 July | 1,461 | 1,296 |
| Cash and cash equivalents at 31 December | 3,137 | 3,613 |

The consolidated statement of cash flows is to be read in conjunction with the attached notes.

1 Reporting entity

Silver Chef Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for profit entity and is primarily involved in the rental of commercial equipment.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2014 are available upon request from the Company's registered office at Park Tower, 20 Pidgeon Close, West End, Queensland or at www.silverchefgroup.com.au.

2 Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2014. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2014.

These condensed consolidated interim financial statements were approved by the Board of Directors on 20 February 2015.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2014.

4 Estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014, except as discussed below.

Revision to accounting estimates – rental assets useful lives

Prior to 1 July 2014, the Company depreciated its rental asset base using a range of depreciation rates ranging from one to five years, based on the assessment of the practical useful life of assets financed under rental contracts. The majority of the Company's hospitality assets were depreciated on a five year straight line basis and GoGetta assets were depreciated on a 4 year straight line basis. After evaluation, including historical asset and contract performance, the Company has determined that for its long life rental assets:

- an initial depreciation life of three years is the most appropriate period to match the economic cost of the Group's asset base against the revenues it derives over the life of its rental contracts; and
- the application of a 35% residual value is more reflective of the value implicit in the Group's idle asset base which is awaiting deployment under a secondary rental contract.

After performing more detailed analysis, the Company has determined that the above modifications meet the definition of a change in estimate under AASB 108 Accounting Policies Changes in Accounting Estimates and Errors. The change in estimates has had the effect of reducing the depreciation expense for the six months from 1 July 2014 to 31 December 2014 by \$0.9 million assuming the 1 July 2014 rental asset base was depreciated for the full six month period without taking into account the addition of any rental assets acquired during the period.

5 Current asset-current liability deficiency

At half-year end there existed a deficiency of current assets to current liabilities, which is summarised below.

| | 31-Dec-14 \$000's | 30-Jun-14 \$000's |
|---------------------|----------------------|----------------------|
| Current assets | 15,827 | 10,926 |
| Current liabilities | (40,373) | (39,330) |
| | (24,546) | (28,404) |

Included in the consolidated current liabilities at 31 December 2014 is an amount of \$30.741 million of customer security bonds (30 June 2014: \$29.306 million). The security bonds are an important part of the Group's business model and in commercial terms, perform as follows:

- The bonds are taken as a cash deposit from the customer at the inception of the contract;
- The bonds are used by the Group as security over any defaults, excessive repatriation costs or asset impairments;
- The Group retains control over the bonds and they form a part of the Group's operating cash flows;
- Bond refunds will occur in two instances, when the customer returns the asset at the completion of the contract, after deducting any amounts for arrears and repatriation expenses or, when the customer purchases the asset from the Group, after deducting any amounts for arrears. In the majority of cases, the customer will purchase the asset and their bond will be refunded once the Group has received payment for the asset, making the transaction net cash flow positive; and
- Those bonds attached to a long term rental contract remain payable until the maturity date of the contract and if the customer takes the option to purchase the asset will form part of the purchase price.

Except for those security bonds which are attached to a long term rental contract with a maturity date greater than 12 months, customer security bonds are classified as current as the Group does not have the unconditional right to defer repayment of the bonds for a period greater than 12 months in the majority of cases. In practice, not all customer security bonds are refunded within 12 months. The balance of the bond liability is affected by movements in the rental asset base. Any decrease in the bond liability will usually be timed with the disposal of rental assets.

Another factor affecting the current ratio imbalance is the Group's cash management practices. The Group holds enough cash on hand to cover short term working capital requirements. The majority of the cash requirements are covered by the reliable, daily cash receipts from rental payments and other cash receipts which results in the Group not needing to hold large cash balances. Any excess cash is either deployed in purchasing rental assets, returned to shareholders as dividend payments or used to pay down debt. This practice is supported by the debt facility with the CBA, with the Group being able to draw down extra funds as required. At 31 December 2014, the Group had available undrawn facilities of \$15.303 million. As disclosed in note 14, subsequent to 31 December 2014, Silver Chef extended its senior secured commercial bill facility from \$120 million to \$140 million with a maturity date of 31 December 2016, with \$37.303 million undrawn at the date of this report.

After considering the above and other available current information, the Directors believe there are reasonable grounds that the Group will be able to pay its debts as and when they fall due and the preparation of the interim financial report on a going concern basis is appropriate.

6 Risk management

The Group's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2014. A comprehensive review of the Company's collection function during the six months to 31 December 2014 has identified a number of areas where processes can be improved using both internal and external collection resources to reduce these outstanding arrears and protect the Company's rental asset base. An additional impairment provision of \$0.819 million has been recorded at 31 December 2014 against that portion of the Company's rental asset base that is linked to arrears contracts which are significantly aged.

Silver Chef Limited

Condensed notes to the consolidated interim financial statements

7 Operating segments

The principal activities of the Group comprised of the following operating segments. There were no changes in the nature of the principal activities during the period.

- Hospitality - operations comprise providing equipment rental finance predominantly to the hospitality industry.
- GoGetta - operations comprise providing equipment rental finance to other industries.

| | Hospitality \$'000 | GoGetta \$'000 | Unallocated \$'000 | Total \$'000 |
|--------------------------------------|-----------------------|-------------------|-----------------------|-----------------|
| 31 December 2014 | | | | |
| Revenue | | | | |
| External | 53,761 | 27,461 | 1,730 | 82,952 |
| Segment result | | | | |
| Reportable segment profit before tax | 16,201 | 6,118 | (12,182) | 10,137 |
| Segment assets | 165,852 | 87,831 | (3,409) | 250,274 |
| 31 December 2013 | | | | |
| Revenue | | | | |
| External | 44,868 | 21,489 | 1,069 | 67,426 |
| Segment result | | | | |
| Reportable segment profit before tax | 14,327 | 5,676 | (10,759) | 9,244 |
| 30 June 2014 | | | | |
| Segment assets | 152,323 | 73,249 | (7,127) | 218,445 |

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers and segment assets are based on the geographical location of the assets.

| | 31 December 2014 \$000's | | 31 December 2013 \$000's | |
|-------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Australia | 78,099 | 222,022 | 64,875 | 193,501 |
| New Zealand | 2,478 | 9,312 | 1,481 | 6,317 |
| Canada | 645 | 3,113 | 1 | 22 |

Silver Chef Limited

Condensed notes to the consolidated interim financial statements

8 Revenue

| | 31-Dec-14 \$000's | 31-Dec-13 \$000's |
|------------------------|----------------------|----------------------|
| Rental income | 77,857 | 65,473 |
| Other income | 1,715 | 1,003 |
| Lease interest | 3,365 | 884 |
| Interest | 15 | 26 |
| Property rental income | - | 40 |
| Total | 82,952 | 67,426 |

9 Property plant and equipment

| | 31-Dec-14 \$000's | 30-Jun-14 \$000's |
|-------------------------------|----------------------|----------------------|
| Plant and equipment | | |
| At cost | 7,149 | 6,443 |
| Less accumulated depreciation | (3,552) | (2,993) |
| Total | 3,597 | 3,450 |

| | 6 months ended 31-Dec-14 | 12 months ended 30-Jun-14 |
|---|--------------------------------|---------------------------------|
| Movements during the period | | |
| Plant and equipment | | |
| Balance at the beginning of the period | 3,450 | 3,184 |
| Additions | 924 | 1,654 |
| Depreciation expense | (559) | (1,047) |
| Disposals | (218) | (341) |
| Balance at the end of the period | 3,597 | 3,450 |

| | 31-Dec-14 \$000's | 30-Jun-14 \$000's |
|-------------------------------|----------------------|----------------------|
| Rental assets | | |
| At cost | 317,065 | 287,523 |
| Less accumulated depreciation | (103,043) | (96,648) |
| Less provision for impairment | (4,507) | (2,726) |
| Total | 209,515 | 188,149 |

| | 6 months ended 31-Dec-14 | 12 months ended 30-Jun-14 |
|---|--------------------------------|---------------------------------|
| Movements during the period | | |
| Rental assets | | |
| Balance at the beginning of the period | 188,149 | 173,526 |
| Additions | 90,564 | 137,675 |
| Depreciation expense | (33,906) | (60,854) |
| Impairment loss ¹ | (4,099) | (6,274) |
| Foreign currency translation | 101 | 384 |
| Assets transferred to lease receivables | (8,123) | (13,728) |
| Disposals | (23,171) | (42,580) |
| Balance at the end of the period | 209,515 | 188,149 |

| | | |
|---|----------------|----------------|
| Total property plant and equipment | 213,112 | 191,599 |
|---|----------------|----------------|

¹ Impairment of rental assets: assessments are made monthly on the recoverable amount of returned rental assets and assets on contracts which have defaulted. As a result, impairment losses of \$4.099 million (2013: \$2.100 million) were recognised throughout the half year. The increase in the impairment charge compared with the prior corresponding period is due to a refinement of the process used to recognise the impairment charge assigned to assets disposed of through the residual asset process and additional provisioning recognised in respect of assets associated with rental contracts which are currently in arrears as discussed in note 6.

Silver Chef Limited

Condensed notes to the consolidated interim financial statements

10 Trade and other receivables

The Group offers long term rental contracts to customers which extend the life of the standard 12 month rental contract by a further three years. Upon the inception of a long term contract, the rental assets underlying the contract are disposed of and the future cash flow of the contracts recognized as finance leases in the Group's financial statements.

| | 31-Dec-14 \$000's | 30-Jun-14 \$000's |
|--|----------------------|----------------------|
| <i>Included in current receivables</i> | | |
| Trade receivables | 8,065 | 7,277 |
| Allowance for impairment losses | (2,553) | (1,693) |
| Net trade receivables | 5,512 | 5,584 |
| Finance lease receivables | 4,629 | 3,167 |
| Other receivables | 1,752 | 91 |
| Total current receivables | 11,893 | 8,842 |
| <i>Included in non-current receivables</i> | | |
| Finance lease receivables | 13,286 | 8,291 |
| Total non-current receivables | 13,286 | 8,291 |
| Total receivables | 25,179 | 17,133 |

11 Loans and borrowings

| | 31-Dec-14 \$000's | 30-Jun-14 \$000's |
|-----------------------------------|----------------------|----------------------|
| Current | | |
| Secured: | | |
| Finance lease liabilities | 457 | 440 |
| | 457 | 440 |
| Non-current | | |
| Secured: | | |
| Finance lease liabilities | 710 | 943 |
| Secured bank loans ¹ | 104,637 | 78,595 |
| Unsecured: | | |
| Corporate loan notes ² | 29,600 | 29,545 |
| | 134,947 | 109,083 |

¹ The facility provided by CBA at reporting date expired on 31 December 2015 and has an approved limit of \$120.0 million, excluding property and other transactional facilities. Prior to reporting date, the Company agreed with CBA to extend the maturity date of the facility by one month in order to finalise changes to the facility arrangements. Per note 14, in February 2015, the facility was increased by \$20.0 million to \$140.0 million and the maturity date was extended to 31 December 2016.

² The corporate loan notes are senior, unsecured, unsubordinated notes with a face value of \$30.0 million at a fixed coupon rate of 8.5% per annum and a maturity date of 14 September 2018. Interest on the corporate loan notes are payable on a six monthly basis.

Silver Chef Limited

Condensed notes to the consolidated interim financial statements

12 Earnings per share

Details of basic and diluted EPS reported separately in accordance with AASB 133: *Earnings per Share* is as follows:

| | 31-Dec-14 000's | 31-Dec-13 000's |
|--|--------------------|--------------------|
| Basic earnings per share | | |
| Profit for the period | 7,095 | 6,479 |
| | 7,095 | 6,479 |
| Weighted average number of ordinary shares | | |
| Weighted average number of ordinary shares | 29,557 | 29,069 |
| Weighted average number of ordinary shares (basic) at 31 December | 29,557 | 29,069 |
| Diluted earnings per share | | |
| Profit for the period | 7,095 | 6,479 |
| | 7,095 | 6,479 |
| Weighted average number of ordinary shares | | |
| Weighted average number of ordinary shares (basic) | 29,557 | 29,069 |
| Effect of employee share option plan | 5 | 7 |
| Weighted average number of ordinary shares (diluted) at 31 December | 29,562 | 29,076 |

13 Share capital

Issuance of ordinary shares

Pursuant to the Employee Share Plan, 4,880 ordinary shares were issued to employees at \$6.25 per share. Under the dividend reinvestment plan, 166,493 shares were issued at a price of \$5.75.

Dividends

The following dividends were declared and paid by the Company:

| For the six months ended 31 December | 2014 \$000's | 2013 \$000's |
|---|-----------------|-----------------|
| 2013 Final dividend – 14.5 cents fully franked paid 1 October 2013 | - | 4,179 |
| 2014 Final dividend – 16.0 cents fully franked paid 26 September 2014 | 4,716 | - |
| | 4,716 | 4,179 |

14 Subsequent events

Dividend

An interim dividend of 16.0 cents per share, 100% fully franked has been declared by the Directors. The dividend has not been provided for in the 31 December 2014 interim financial statements.

Amendment to the Group's borrowing arrangements

On 10 February 2015 the Company extended the Group's available borrowing capacity by \$20 million to \$140 million and the term to 31 December 2016.

Silver Chef Limited
Directors' Declaration

In the opinion of the directors of Silver Chef Limited ("the Company"):

1. the condensed interim financial statements and notes set out on pages 6 to 15, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Allan English
Chairman

Dated at Brisbane this 20 day of February 2015

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Independent auditor's review report to the members of Silver Chef Limited

We have reviewed the accompanying interim financial report of Silver Chef Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Silver Chef Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Simon Crane
Partner

Brisbane
20 February 2015

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